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The American Observer

A free, virtuous and enlightened people must know well the great principles and causes on which their happiness depends. — James Monroe

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WASHINGTON, D. C.

JANUARY 4, 1937

Congress to Open Session This Week

Senators and Congressmen Will Take Cue from President in Enacting Legislation

THIRD NEW DEAL CONGRESS

Nation Awaits Roosevelt's Message to Reveal Nature of New Policies of Administration

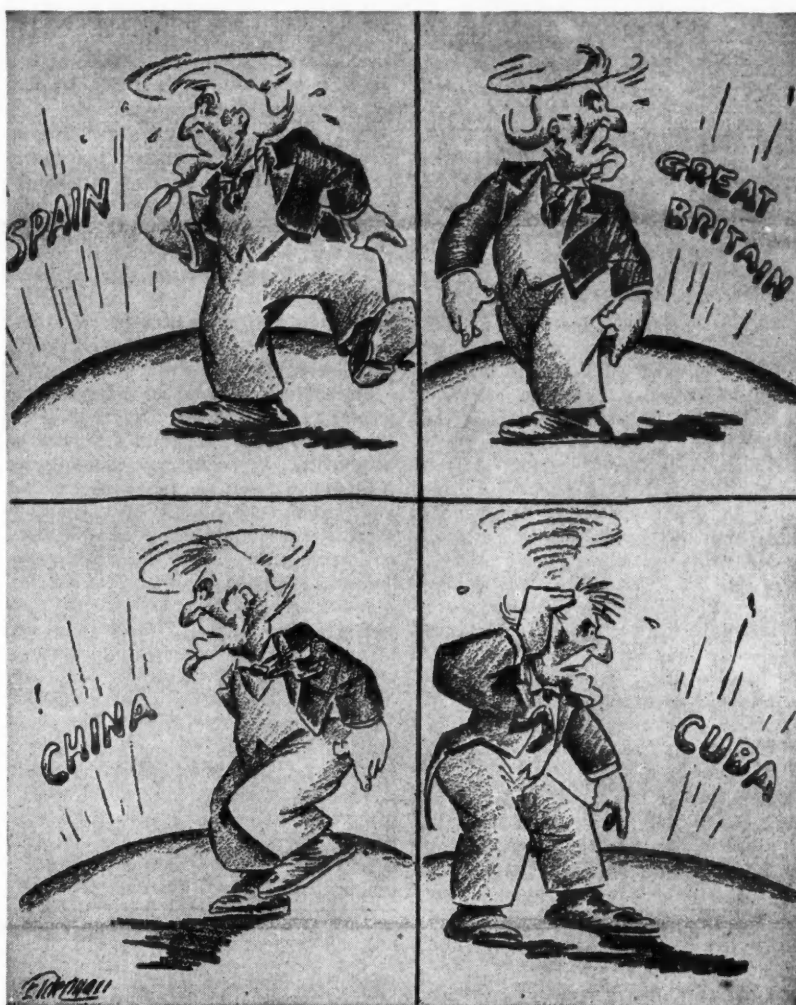
While war rages in Spain, the Far East seethes with unrest, Cuba faces one of its periodic revolutions, the British Empire returns to "normalcy" following the upsetting experience of an abdication; while the whole world enters a new year with misgivings over the future of peace, fearing that it may not end without a general war—while all these epochal events take place throughout the world, the United States turns its attention this week to the major domestic event, the opening of Congress. Tomorrow, the senators and representatives who were chosen by the electorate on November 3 will meet in their respective chambers in the Capitol. This will be the first session of the Seventy-fifth Congress. The present Congress is called the seventy-fifth because it is the seventy-fifth time in our national history that an entirely new House of Representatives and a third of the membership of the Senate have assembled to enact legislation for the country as a whole. Since the elections, which place in office these members of Congress, take place once every two years, a new Congress is said to be created every two years, 75 of them in all having been elected since the adoption of the Constitution in 1789.

Roosevelt Leadership

The work of the Seventy-fifth Congress may be as important to the nation as a whole as any that has convened in our entire history. During the last four years, scores of new laws have been placed upon the statute books. Many of them have resulted in new and untried experiments. Two New Deal Congresses have already completed their work, and the third is now ready to take up its many tasks. What will the Seventy-fifth Congress undertake to accomplish? Will it pass legislation carrying even further Mr. Roosevelt's New Deal? Will it seek to taper off the experimentation that has been going on and return to more "normal" ways? These are but a few of the dozens of questions that rise in people's minds as the legislators assemble in the nation's capital this week.

Much of the work of the coming months must necessarily remain undisclosed until the legislative mills actually start grinding out new laws. Only one thing seems absolutely certain at this time. Congress will take its lead from the President even more than it has done during the last four years. The voters of the nation returned Mr. Roosevelt to office with such an unmistakable mandate as to insure him a leadership which few of our Presidents have had. A large majority of the senators and representatives who are now in office owe their election to the President's popularity, and there is little likelihood that they will fail to carry out the wishes he expresses to them in his messages. More than three-fourths of the membership of both houses belong to the Democratic party, and while many of them are personally opposed to the philosophy of the New Deal,

(Concluded on page 7)



KEEPING UP WITH THE NEWS

—Elderman in The Washington Post

Chiang Capture May Alter China Policy

Captor May Have Exacted Promise to Take More Forceful Attitude Toward Japan

FUTURE TO PROVIDE ANSWER

Time to Tell Whether Incident Was of Real Importance or Only Meaningless Chinese Comedy

As the year 1936 drew to a close, an atmosphere of greater than usual tension pervaded the international field. Rapidly developing events both in Europe and in the Far East appeared to have brought affairs on the two continents to new and critical turning points. Most important was the sudden firm decision taken by England and France to force the issue to a showdown in the matter of outside interference in the Spanish civil war. This took the form of a note sent to Germany, Italy, Portugal, and Russia, warning them that the struggle in Spain was in danger of turning into a European war, and pressing them to observe strictly the nonintervention pact signed earlier by 27 nations.

While the note was sent to four powers, it was intended chiefly for Germany, and was accompanied, it appears, with hints that if Hitler would withdraw from Spain, financial assistance to relieve Germany's acute economic situation would be forthcoming, but that if he rejected the Franco-British overtures, France, at least, would feel obliged to render open assistance to the Spanish loyalists, or, in other words, that the danger of European war would become imminent. There was somewhat less concern over Italy, for Mussolini was obviously tiring of his Spanish adventure. The rebel leader, Franco, had not made the progress expected of him and would plainly need much more and expensive assistance to subdue the loyalists. Moreover, Il Duce was becoming concerned over Germany's increasing interest in Spain, a fact which brought with it the prospect of Nazi domination of that country in the event of Franco's victory.

China

The background of these momentous events in Europe has been sketched in previous issues of THE AMERICAN OBSERVER, and further discussion must await the reply which Hitler will make to the Franco-British note. As this is written, the Nazi leader is closeted with his advisers and is considering the decision which has been put up to him.

And so this week we turn to the Far East and consider the amazing and dramatic turn of events brought about by the sudden, unexplained kidnapping of Generalissimo Chiang Kai-shek and his equally sudden and equally unexplained release a fortnight later. It is an incident in Far Eastern politics which may be entirely meaningless, or which may lead to changes in China's policy toward Japan.

The known facts may be simply stated. On December 12, Chiang Kai-shek, the "strong man" of China and dominant figure in the Nanking government, was placed in captivity in the city of Sianfu, Shensi province, by Chang Hsueh-liang, who is in charge of affairs, under the Nanking government, in that section of China. On December 25, after long and intensive negotiations, he was "unconditionally" released and returned to Nanking, accompanied, it is said, by his captor. For China, this was

Goals for 1937

Each individual must fix his own goals and construct his own future. No one else can do this for him. It is sometimes helpful, however, for an outsider to suggest possibilities. There is no greater mistake than for one to drift along without definite objectives or with objectives which are so vague and unrealizable as to offer no immediate incentives. We believe every young man or woman would profit by resolving to achieve these ends:

1. To grow in sympathy and understanding. That is an objective toward which everyone, regardless of age, should strive. There are many obstacles to human happiness which we cannot overcome, many dark turns of fate with which we often find ourselves unable to cope by our own efforts. In the presence of some of them we are utterly powerless. Among these destroyers of happiness are death, illness, poverty, economic disaster, war. But while major misfortunes are likely to fall only occasionally, such irritants as ill temper, lack of sympathy and consideration, sullenness, and provocative behavior gnaw away at happiness every day and every hour. In the long run they are more deadly to the satisfying life than the tragedies which are the objects of our fears.

2. To be a more competent workman. In the case of most young people the work is that of a student. A worthy goal is the raising of the scholarship level. Nothing but the best of which one is capable is good enough. Those who find the class work easy should resolve to rise above the level of mediocrity and assume a commanding leadership. And everyone should try to lift the work above that of last year. There is too much of poor performance in every occupation. Happy is the young man or woman who turns resolutely toward a goal of excellence and who proves that he can attain excellence in his present employment, that of a student.

3. To read more widely, thus enlarging the range of interests. Let no ambitious youth confine his reading to that which is required. Let his horizon not be bounded by his texts and the local newspapers. Why not resolve to read a dozen good books this year, including both fiction and nonfiction? Many there are who already have passed that goal, but for all it should be considered a minimum. And why not acquire the habit of reading regularly two or three monthly or weekly magazines of thoughtful content?

4. To be a more effective citizen. This means the development of a living interest in the politics of the community, state, and nation. It means wide reading in the field of world relations. It means the acquisition of information and the building of opinions concerning the problems of the public life. It means frequent discussions of such problems and the exercise of influence in the creation of public opinion.

Many more resolutions might be added to the list. But the conscientious effort to achieve the goals of more companionable living in the home, higher scholarship in school, wider reading and better citizenship, will go far toward making 1937 a year of success and progress.



—Courtesy New York Times

WHERE CHIANG WAS TAKEN CAPTIVE

Arrows point to the city of Sianfu where the Chinese dictator was held prisoner by Chang Hsueh-liang.

as startling an event as it would have been for Europe had Hitler been thrown into a concentration camp by one of the lesser lights in the Nazi government.

There is much speculation over this affair, but little concrete knowledge of its causes and possible effects. Probably the best key to the situation lies in the background, personality, and ambitions of Chang Hsueh-liang, the man who dared to make a prisoner of Chiang Kai-shek, the most powerful military leader republican China has produced.

Chang Hsueh-liang

Prior to Japan's conquest of Manchuria in 1931, Chang Hsueh-liang was overlord of that region, a position which he assumed in 1928 after the death of his foster father, Chang Tso-lin. After the fall of Mukden, he spent some time resisting the Japanese in outlying regions of Manchuria, and then went off to Europe. He returned later to China and was given a post, under Chiang Kai-shek, in the province of Shensi in northwest China. He was sent there with instructions to give battle to the Chinese communist armies who are powerful in that part of China.

As national figures go, Chang Hsueh-liang is comparatively young—only 38, being 12 years younger than Chiang Kai-shek. He is personally very pleasant. He plays a good game of golf, a better game of tennis, and an excellent game of bridge. He is fond of dancing, is an expert airplane pilot, and an enthusiastic amateur photographer. While he was in a military school in Japan he learned to speak Japanese. More recently he has studied English and now speaks it well enough to crack good American-style jokes in it.

Underneath these surface refinements Chang Hsueh-liang is said to be brutal and weak as well. George E. Sokolsky, who has had long experience in the Far East, writes of him as follows in the *New York Herald-Tribune*:

... I used to know him when we were both younger. An opium smoker who had been "cured" by being given other narcotics, he always appeared to me irresponsible, perverse, treacherous and, withal, a coward. I cannot recall a single personal or political act of the so-called young marshal... which is creditable. I can recall plenty which would shame any man. In Manchuria political murders are not unusual, and the young marshal killed his father's closest friend and his own chief associate at a mah-jong game.

Bitterness Toward Chiang

Such things, however, do not explain his personal antagonism toward Chiang Kai-shek. To understand that, we must remember that all his life, until he was driven from Manchuria in 1931, he had been surrounded by practically unlimited wealth; that since his boyhood he had had great power as the oldest and favorite son of the masterful old ruler of Manchuria, Chang Tso-lin; and that for three years after his father's death he was the head of the Manchurian government and, like other war lords in the Chinese provinces, largely independent of Nanking in matters of local

administration. That is not the sort of experience to make a man willing to accept without resentment what he considers slights and deliberate neglects—and the young marshal is convinced that Generalissimo Chiang has treated him very badly.

When, for example, the Japanese launched their drive in Manchuria in September, 1931, the young marshal's soldiers already had orders not to fight back no matter what the Japanese might do. These orders, he claims, came direct from Chiang Kai-shek, who sent them because he did not want a war with Japan. The young marshal insists, therefore, that Chiang is directly responsible for his being driven out of Manchuria. He contends that with the troops he had, and with the tremendous

arsenal which his father and he had built up at Mukden, he could have fought the Japanese to a standstill, and that he would have done so if Chiang had not ordered him not to resist. Then when he did try to stop the Japanese from taking all Manchuria, after they had captured his arsenal, seized most of the railways, and broken up his army, Chiang refused to send him any help in men and munitions. This, the young marshal feels, was the grossest kind of betrayal—especially since he had voluntarily submitted to the authority of Chiang and the Nationalist Government at Nanking as soon as he could after he became head of the Manchurian government following his father's death.

But even that is not all the story, as Chang Hsueh-liang sees it. He had played the game according to the generalissimo's orders. But when he finally was forced out of Manchuria, Chiang refused to give him any really responsible or important position in China proper, or to make provision for the soldiers that he had brought with him out of Manchuria. Finally, Chiang sent him off to the barren and poverty-stricken northwest, telling him in effect to get what he could for himself there by fighting the communist bands who had established themselves in that region.

This personal antagonism may furnish part of the explanation for Chang Hsueh-liang's kidnapping of the Nanking dictator. But the young marshal could not have been fool enough to make any such move for



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CHANG HSUEH-LIANG

reasons of personal spite alone. It is possible that through the capture of Chiang, he saw an opportunity to restore himself to a position of power and dignity, and perhaps to become one of the outstanding leaders in China.

Chang Hsueh-liang well knew that the tide of sentiment against Japan has been rising rapidly in recent months. He was well aware of the fact that millions of

Chinese are convinced that Japan must be opposed by force of arms and that the sooner the fighting begins the better. But such direct action has been contrary to the policy of Chiang Kai-shek. The generalissimo has preferred not to resist the Japanese openly, and has relied on a policy based on negotiation and diplomacy. His supporters say that he realizes the danger to China of a war with Japan, that he is doing wonders in the work of strengthening and uniting China, and that he will not risk battle with the Japanese until he is ready and able to meet them. However, his enemies call him a traitor to China. They hold that he has virtually sold out to the Japanese in the past and that he will do it again. They accuse him of having suppressed liberal movements in China, and of being interested only in his personal position as leading figure in the government. Lately, these anti-Japanese elements have been exerting great pressure on Chiang with some degree of success. Chiang is reported to have agreed to follow a stronger line of policy toward the Japanese, and he did, as a matter of fact, recently refuse to accept certain "requests" made of him by the Japanese.

Chang Hsueh-liang was of course familiar with all these details. It is therefore possible that he thought to capitalize on the situation, by boldly imprisoning Chiang Kai-shek, winning concessions from him, and emerging as a leader in a new anti-Japanese front in China. He likely counted on receiving immediate support from anti-Japanese groups in all parts of the country.

In order to achieve his aims, he was willing to include the communists among his supporters, and instead of fighting them as Chiang had instructed him to do, he is said to have become friendly with them. The communists have been a source of great embarrassment to the Nanking government for many years. Chiang Kai-shek at one time was allied with them, in fact, it was as a "Red General" that he originally became prominent. But when his moment came to grasp power, he turned upon the communists, deprived them of their influence in the government, and at the same time broke up the organized labor movement in China. Since then the communists have sought to entrench themselves in various sections of the interior of China. Chiang has sent one expedition after another against them but has never been successful in destroying the movement.

The communists, bitterly opposed to Chiang Kai-shek, seemed likely allies to Chang Hsueh-liang. And he felt that cooperation with them was all the more desirable since the communists have lately been calling upon all China to join hands in fighting off the Japanese menace. They have repeatedly offered their assistance in any anti-Japanese drive. Here, then, was an opportunity, Chang must have thought, to lead a new and powerful united front against the Japanese with whom he had a score to settle.

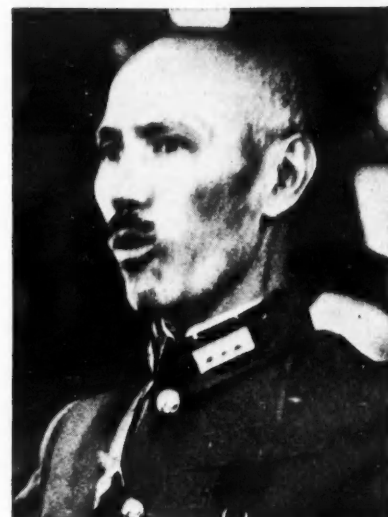
Chang's Demands

That these were Chang Hsueh-liang's motives is borne out by the nature of the demands he made of his captive, Chiang Kai-shek (who had so unwittingly ventured unprotected to Shensi, ostensibly for the purpose of investigating the peculiar behavior of the subordinate who instead of fighting the communists was making friends with them). When Chiang was placed in imprisonment he was told that to gain his release he must promise to wage war against Japan and to cease his campaigns against the communists and accept them as a legitimate group in China. With these formal demands must have gone the request that Chang Hsueh-liang be given a position of influence in the direction of the new policy.

The above seems the most likely explanation of the strange events which have been taking place in China. There are, of course, many others. There is the theory that Chang was inspired by the Communists of Russia to launch an anti-Japanese drive in China. There is another that he was in league with the Japanese, who, fearing the increased opposition and militancy of Chiang Kai-shek, sought to remove him, and throw China into turmoil,

thereby providing them with an opportunity to make further territorial accessions. Then there is the explanation offered in Nanking that the money due Chang Hsueh-liang to pay his troops became lost or in some other way miscarried and that he took this way to impress Chiang Kai-shek with his importance and displeasure. But too much credit is not attached to these accounts.

At any rate, after nearly 14 days of negotiation, it was announced that Chiang Kai-shek had been unconditionally released, and that the young marshal was coming with him to Nanking to explain his position to the leaders of the government. It is everywhere believed, of course, that some agreement was arrived at, but exactly what it is may not become known for some time. Has Chiang Kai-shek agreed to take a more aggressive policy toward Japan? Has he agreed to end his campaigns against the communists? Will he make Chang



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CHIANG KAI-SHEK

Hsueh-liang an important figure in the government, hereafter? These are important questions which may have to wait upon the development of events for an answer.

It must always be remembered that the average Chinese war lord is interested chiefly in his own personal welfare and riches. It is hardly to be thought that Chang Hsueh-liang has a carefully thought out and patriotically inspired program to resist Japanese aggression in China. His only motive for a war against Japan would be to regain, if possible, what has been lost to him in Manchuria.

But it is more likely that he would be entirely contented with other compensation which would not involve any change in Chiang Kai-shek's Japanese policy. Money and higher position in China proper would probably satisfy him amply. It would not take more to make him change his attitude toward the communists for whom he has no deep-seated sympathy. If his behavior is typical of Chinese war lords he would as readily turn against them and fight them.

Thus, it is an unstable, unpredictable situation which exists in China and it is one which will not be clarified until the terms of the agreement between Chiang Kai-shek and Chang Hsueh-liang come to light. The incident may turn out to have an important bearing on China's future policy toward Japan, or it may prove to be a meaningless Chinese comedy.

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AROUND THE WORLD



FULGENCIO BATISTA

Argentina: The Inter-American Conference for the Maintenance of Peace, opened in Buenos Aires on December 1, has completed its work, accomplishing substantially what it set out to do. Delegates from the 21 American republics agreed to a number of treaties, conventions, and resolutions, which together are expected to avoid the dangers of war. Foremost among the agreements is that setting up a body of jurists to deal with disputes occurring between any of the nations. Then there is the creation of a body which will study means and methods of preventing the occurrence of war through the elimination of international friction and the improvement of present treaties. Finally, there is the unanimous declaration by all the republics to respect each other's sovereignty, but at the same time announcing to the world that any act of an unfriendly nature to any of them which is likely to disturb the peace will become the concern of all the powers. This last provision means, quite bluntly, that if any European government should attempt aggression upon any part of this hemisphere, it will have to face the combined strength of all the republics. With this declaration, the Monroe Doctrine, as a declaration of policy exclusively belonging to the United States, begins to pass out of existence and will be replaced by a multilateral declaration in which all the nations accept equal responsibility to defend the western hemisphere from foreign aggression. It is a development of historic importance.

In addition to these major treaties, the representatives pledged their governments to improve commercial relations with one another, to promote cultural understanding through the exchange of students and professors, and to improve means of communication by the completion of Pan-American highways.

One of the by-products of this conference, it may be noted, is the beginning of negotiations between Bolivia and Paraguay to end their long-lingering Chaco dispute. It is expected that Bolivia will be granted a port on the upper part of the Paraguay River in exchange for a fixed sum. Since Bolivia is rich in natural resources, while Paraguay is comparatively poor, this arrangement, it is hoped, will satisfy both parties.

* * *

Cuba: Whatever hopes for an era of political stability the Cuban people may have entertained last May, when Miguel Gomez was elected president, were well nigh blasted last month, when a long-standing controversy between the president and leaders of the army came to a head. A bill sponsored by Colonel Fulgencio Batista, chief of the army staff, and dominant figure in Cuba, was vetoed by Gomez and, as a

consequence, the latter was ousted from office. At best, the impeachment charges brought against him were flimsy; he was accused of obstructing legislation, though it is his constitutional right to veto any measure he does not regard as wise.

The conflict over the legislation, which provides for the establishment of rural schools under army control, reveals the serious nature of political conditions in the island. After he rose from the ranks, several years ago, to leadership of the army, Batista set about to acquire a devoted following. He conducted an extensive propaganda campaign in which it was made to appear that he was the friend of the farmer and of the common man. He organized a military reserve which became a political machine and he was capable, if necessary, of employing coercion in order to get his followers political jobs. So successful did he prove to be, that both the Cuban senate and house of representatives were prepared to do his bidding. In fact, both bodies prevented the passage of progressive legislation sponsored by Gomez.

There is little doubt now that Colonel Batista remains the undisputed ruler of Cuba. And it may be expected that he will soon organize the island according to fascist principles, which he terms "disciplined democracy." Already, the departments of labor, education, health, public works, and interior are under his immediate direction.

* * *

Geneva: Adding to the gloom engendered by the failure of their peace machinery during the last year, League of Nations circles view with apprehension the naval building race that threatens in the coming months. Up to the last of the year, the Washington and London naval limitation treaties were in effect, thus putting somewhat of a brake upon the naval construction of the major powers. But with the

petently, if somewhat secretly, carried out hitherto by naval attaches.

"Jane's Fighting Ships," an authoritative source of information on naval construction, has just been issued in a new edition and it reveals that Great Britain has 99 new warships either already completed or planned; the United States, 83; Italy, 66; Germany, 39; and Japan, 38.

* * *

Great Britain: His Royal Highness Prince Albert Frederick Arthur George, Duke of York, Earl of Inverness and Baron Killarney, Knight of the Garter, became King George VI of Great Britain last month. As the second son of George V, he was entitled to succeed to the throne when Edward VIII decided to abdicate.

George VI is a much less colorful figure than was Edward VIII. He is much admired by the British people, but has never been so popular as his elder brother. He is quiet, retiring, and has a slight defect in his speech.

But he is well fitted to fill the position he now holds, having been trained from his youth to bear the responsibilities of a royal personage. He has traveled, although not so widely as Edward, and is well acquainted with the problems of the empire. He has been particularly interested in problems concerning modern industry and became known as "The Industrial Prince." He is studious, seriously minded, and will most likely be popular.

* * *

New Zealand: The Dominion of New Zealand, frequently described as more British than Britain, has been toying with an economic experiment so revolutionary as to have invited comparison, in some quarters, with Soviet Russia. Following widespread dissatisfaction with the coalition government of Conservatives and Liberals, whose deflationary policy was



GEORGE VI

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The labor government has made equally drastic provisions to aid the farmers of New Zealand. All marketing of dairy products will be controlled by the state, which will purchase them at a fixed price and then try to sell them in the world market. Should it receive less than it paid for this produce, it will make up the deficit by borrowing money from the banks of the land over whom it exercises rigid control. The prices of other than dairy products, such as wheat and bread, will be fixed by the state. Further measures include complete control of transportation by the government and the prohibition of any increase in rents due to rising prices.

* * *

Germany: Last week there appeared a news item in the world press which was little short of startling. It told of the fact that the German people are now ordered not to use fresh bread, more inclined to crumb, but bread that is at least a day old and none of which is likely to go to waste when being sliced. Commenting on this scarcity of food, the New York *Herald-Tribune* notes in an editorial that "Germany is facing a shortage of a million tons of wheat this winter, due to poor harvests." The editorial continues:

It is striking confirmation of the reports as to the effects of the blessings of Nazi autarchy upon the standard of living. Few travelers have recently returned from Germany without stories of the belt-tightening they have observed, of the inferior meals, the want of meats, the utter unavailability of butter even for comparatively well-to-do families. The Nazi officials now seem to be admitting their veracity, and the opponents of Nazidom are inclined to rejoice. Surely, a regime which cannot maintain the domestic standard of living, to say nothing of increasing it, is doomed.

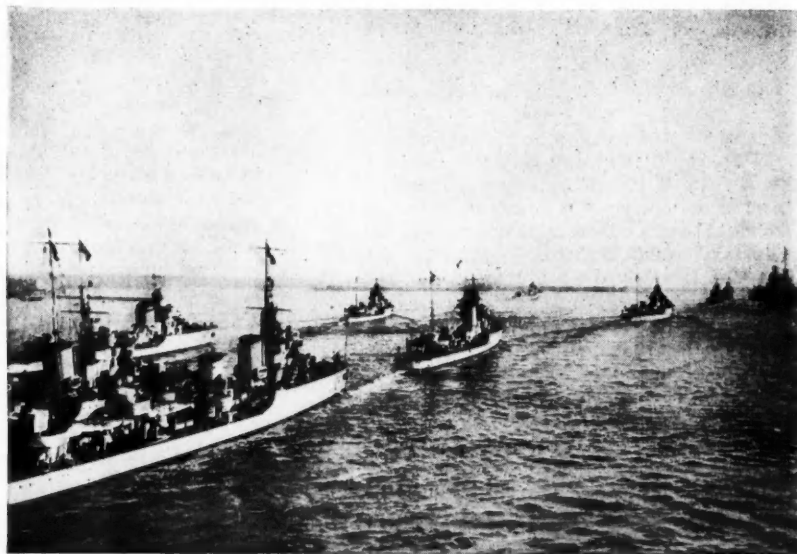
Unfortunately, one cannot be too sure. A declining standard may demonstrate the economic folly of a nation's putting all its energies into vast armaments, propaganda, and the costly ideal of nationalistic autarchy. It may show how much sounder, theoretically, it would be for the Nazis to forget about the Versailles treaty . . . demobilize their armies . . . and put their energies into feeding, clothing, and housing their people with the means at hand.

* * *

Russia has finally extended for one year the agreement granting Japanese fishermen the right to fish in Soviet waters. The agreement was originally intended for eight years, but following the anti-Communist pact between Tokyo and Berlin, the Russian authorities balked at committing themselves for a longer period.

* * *

In reply to the English churchmen who have heaped scorn upon him for his irregular attendance at church, former King Edward attended religious services in Vienna on Christmas day and read a scriptural lesson to the worshippers.



ITALY'S NAVY ON PARADE

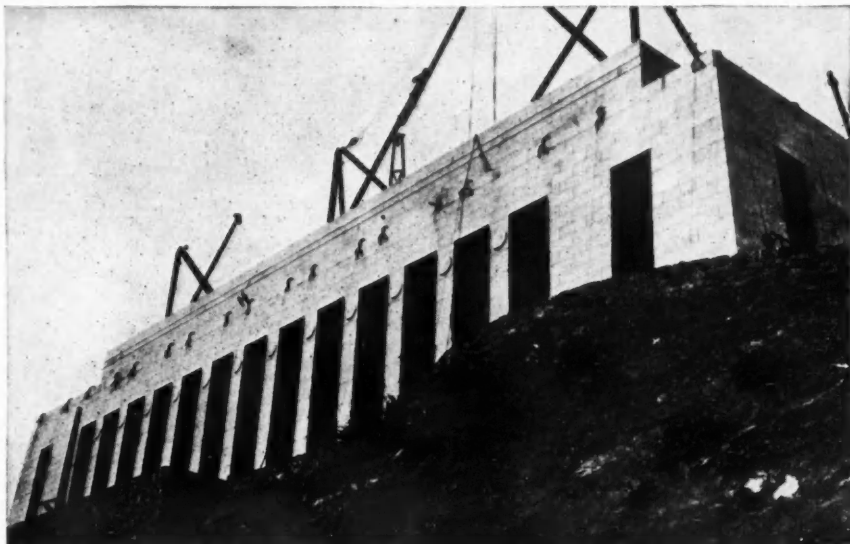
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With the expiration of the London and Washington naval treaties, a naval race is expected to develop among the powers.

expiration of these treaties the race is likely to begin at top speed. As it is, the United States, Great Britain, and Japan have all taken advantage of a treaty clause to keep close to 150,000 tons of naval armament which otherwise they would have had to scrap. And all three countries are now prepared to begin construction upon new battleships with bigger and better guns than ever before. It is true that France, Britain, and the United States signed a new agreement last year to take effect now, but it is generally regarded as of little significance since its major provision only pledges the powers to inform one another of their building plans, a task which has been com-

disastrous both to workers and farmers, a Labor government was swept into office just a year ago and since that time has enacted a series of comparatively radical measures.

Previously unenforced legislation providing for a system of compulsory arbitration of labor disputes has been revived. A basic wage for all workers has been set and the hours of their employment limited to 40. Perhaps the most radical feature of this labor legislation is the compulsory membership of all workers in trade unions, whose authority has been further increased by granting union officials the right to search the premises of an employer.



NEW SAN FRANCISCO MINT NEARS COMPLETION

A view of the new mint in San Francisco located on the top of a downtown hill just off the main thoroughfare of the city. Vaults in the rugged building are hewn from solid rock. Ground was broken for the structure in August, 1935.

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Hull on Foreign Policy

At the close of the Buenos Aires conference, Secretary of State Cordell Hull delivered an important address—important because of the suggestions it contained relative to future American foreign policy. His speech has been widely interpreted as a warning to militaristic dictatorships that the United States cannot view aggression on their part with indifference. "We conceive modern civilization to be incompatible with war," the secretary declared. "It follows that a policy that contemplates frequent wars and decries the possibility of prolonged peace is in its practical effects a policy highly conducive to war. . . . These are conditions that breed war." He continued: "Why should statesmen, looking only to the past, insist that war is inevitable? If history shows that wars have been frequent, it likewise shows that enlightened statesmanship could have prevented most of them. War is not an act of God but a crime of man. . . . We must destroy war or war will destroy us. . . . I cannot emphasize too strongly that we are in no sense moving toward a policy of continental isolation. We are not lured by the mirage of self-containment; we are aware of its perils."

Here is another significant comment of the secretary of state: "In a close-knit, interdependent world, we see the folly of seeking to build a Chinese wall around a hemisphere. Our policy is not to isolate this continent, but to chart our own path to peace."

The *Christian Science Monitor* thinks that "all these declarations make stronger the orientation of American policy against the dictatorships, and away from the concept of impartial neutrality which was the basis of recent congressional action. They are interpreted in some circles as the relinquishment of American 'moral' or 'emotional' neutrality between the two general groups of Europe, and alignment with the mostly-democratic side." "All allowances made," the *Monitor* continues, "Washington still sees in the Roosevelt and Hull speeches at Buenos Aires a note of general warning to European dictators. It is a broad hint that if matters come to a showdown, if two warlike groups actually were formed, the presumption of American sympathy would fall heartily upon the democracies. That, at least, is the trend of the present administration's commitments."

The question of what the United States should do in case a war should develop between the fascist dictatorships and the more democratic nations is one of the most vital issues before the American people today, because such a contest in Europe is not at all unlikely, and if the conflict should come, American public opinion ought to be prepared for it.

The Frank Case

It is not at all an uncommon thing to read that a radical college president, or professor, or school teacher has been removed from his position by a conservative school board or board of regents or other authorities. When such a thing happens, progressives and radicals make complaint that freedom of teaching is

violated. We less frequently hear of the removal of a conservative by a more progressive or radical governing body. Word comes, however, from Wisconsin that President Glenn Frank, prominent Republican who was considered last summer as a possible Republican presidential nominee, is in danger of being removed by a board of regents and that these regents represent the views of the La Follettes, particularly of Governor Philip La Follette.

The charge against President Frank is that he is not a good administrator; that he has given too much time to outside activities and too little to university affairs; that he has been personally extravagant at the university's expense, and that in salary arrangements he has been unfair to the lower paid members of the faculty. President Frank has demanded and has obtained the privilege of appearing before



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GLENN FRANK



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PHILIP LA FOLLETTE

the regents and having a public hearing.

Does this case involve academic freedom? Is it a case of the exercise of political control over a university, or is it merely a routine situation in which those in authority judge the fitness of an administrator? Opinion on this question is widely divided. Oswald Garrison Villard, who belongs to the La Follette school of politicians, opposes the ousting of Mr. Frank. The question, he says in a recent issue of the *Nation*, is "whether or not a president duly chosen shall be subsequently ousted as a result of gubernatorial initiative. It will be a great blessing if as a result of this storm, teachers of all ranks may have something to say in the government of the universities whose reputations and progress rest primarily in their hands." Paul Ward, however, writing in the same issue of the *Nation*, declares that "there is no question of academic freedom involved. Frank is not under fire for any ideas he has expounded nor for any ideas of education he has propounded." Mr. Ward, writing from Madison, insists that the regents are dealing merely with the problem of the fitness of President Frank to occupy his position as head of the state university.

Education on Increase

During the last two years there has been a marked increase in the number of students attending colleges and universities. The number enrolled has jumped approximately 85,000 during that period. In commenting on this trend in American education, Dr. Walters, president of the University of Cincinnati, attributes the larger enrollment to a number of factors including the federal aid which is

being given to college students through the National Youth Administration, aid which enables students to work part time, part of it to improved business conditions, and part of it to the "persistent faith of America that higher education yields economic and cultural returns for youth as well as the country as a whole."

Another significant trend in American education is the increased enrollment in high schools. In the olden days, only those who intended to acquire a college education went to high schools. Today this situation has changed; many persons go to high school with no intention of continuing in institutions of higher learning. As a matter of fact, the percentage of high school graduates who go to college has actually declined since the turn of the century. In certain communities all young people of high school age are in high school, and for the country as a whole, half of them are attending high school. It is obvious, from these figures, that the general level of education in the United States is on the increase.

The Recovery Picture

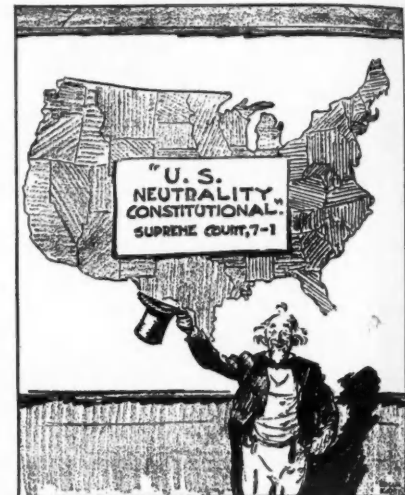
Whatever may happen during the next 12 months, there can be no doubt that the country enters the new year with brighter prospects for business than it has seen for at least six years. We have not yet reached the heights of 1929, but the steady improvement which continued throughout 1936 brought the nation more nearly back to normal than at any time since 1930. The holiday trade was unusually heavy last year. It was estimated that the total retail trade for December was \$5,000,000,000, as compared with \$4,600,000 for the same month a year ago and \$3,700,000 for 1933. Factory production is about back to the 1929 levels. Not since 1929 were there such large disbursements of funds by industry to workers in the form of wage increases and Christmas bonuses and to stockholders in the form of additional dividends. The farmers in sections not affected by the drought had an income estimated at 11 per cent above that of 1935.

All along the line there were signs of better times as the year closed. That branch of industry which produces the so-called "durable" goods, that is, such things as machinery and construction materials, has recently shown the greatest increase—a healthy sign since it was the durable goods industries that lagged for so many months. However, these industries are still far below normal in their output of goods. It remains to be seen whether they will march forward in 1937 to fill the need for new housing and factories, new replacement of machinery, etc.

One should not be too optimistic about the recovery picture, however, for there are still many problems which remain unsolved. Foremost is that of unemployment. Conservative estimates place the number of unemployed at present between eight and nine million. Obviously the nation will not be on a sound economic footing until the great majority of the jobless have been absorbed by industry. It will be one of industry's major tasks during 1937 to find work for the unemployed. A second obstacle standing in the way of complete recovery is the federal deficit which has been piling to staggering heights during the course of the depression. While the budgetary

situation has improved during the last year, the federal government is still spending far more than it is collecting.

There is also the more fundamental problem of stability for agriculture. Unless foreign markets can be recaptured, millions of acres of farmland will have to be taken permanently out of production, or we will again have the surpluses which hung so heavily over the market during the worst days of the depression. Finally, there is always the danger that the present upward movement will result in another



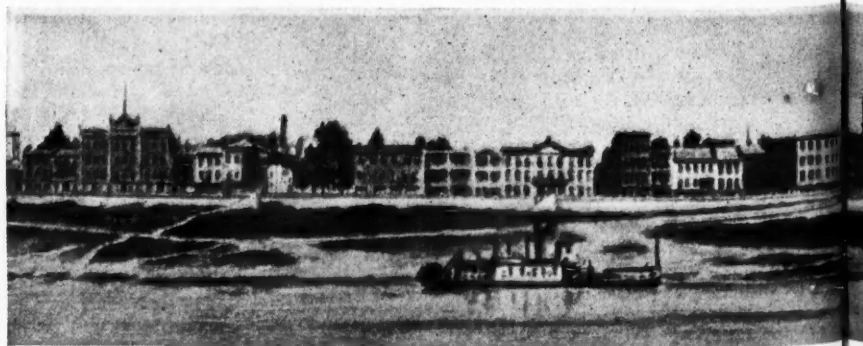
You can't say THIS decision is not popular
—Kirby in N. Y. World-Telegram

speculative boom to be followed by the crash. One cannot look realistically at the present recovery movement without taking into account all these—and many other unfavorable—factors.

Lining Up Senators

It has been decided, by agreement among the senators concerned, that the members of the Senate who are neither Democrats nor Republicans shall be listed as Republicans in receiving committee assignments. Among the senators affected by this decision are such men as La Follette, Progressive of Wisconsin, and Norris, Independent of Nebraska. In the past, they have been Republicans and have received committee assignments as such. It is to be remembered that each party is given representation on each committee in proportion to its strength in the Senate. Senators La Follette and Norris have held their committee assignments as Republicans, and if they should drop that designation they would lose their places. Other senators affected are Shipstead, Farmer-Laborite of Minnesota, and also senators who are Republican in name but who frequently do not work with the party, such as Borah of Idaho, Johnson of California, and Nye and Frazier of North Dakota. Senator-elect Lundeen of Minnesota, a Farmer-Laborite, has given notice that he prefers to be classed as a Democrat in being given committee assignments.

The ratio of Democrats to Republicans in the Senate, if the progressives are counted with the Republicans, is 4.19 Democrats to one Republican. The committee assignments will



From a mural painting by Clarence H. Carter for the lobby of the Portsmouth, Ohio, post office. This is the scene of the famous

United States

Doing, Saying, and Thinking

follow approximately that proportion. In the Committee on Foreign Relations, for example, the Republicans will have five members and the Democrats 18.

The Court Upholds

A good deal of legislation enacted during the Roosevelt administration has been declared unconstitutional on the ground that Congress has delegated certain powers to the President which should remain in the hands of the



If it isn't one darn thing, it's another
—Herblock in Washington News

legislative branch of the government. This was one of the reasons for invalidating the NRA. In all these cases, however, the legislation declared unconstitutional has dealt with domestic problems. The Court now draws a definite distinction between the delegation of power to the President in the case of domestic problems and in foreign affairs. In a recent decision on the resolution passed by Congress and granting power to the President to declare an arms embargo against both Bolivia and Paraguay in the Chaco War, the justices contend that the President must have broad powers in the conduct of our foreign relations.

In the field of foreign affairs, the Court ruled, "with its important, complicated, delicate, and manifold problems, the President alone has the power to speak or mention as a representative of the nation." If such power were not vested in the hands of the Chief Executive, the argument continued, serious embarrassment might result from the invasion of the foreign field by the legislative branch.

This decision is regarded as highly important because of the effect it may have upon the neutrality legislation which Congress will consider during the present session. The present law grants considerable power to the President, and there is strong pressure for changes in the statute which will give him even greater power.

War Debts

With the exception of Finland, all the nations which borrowed money from the United States government during and immediately following the World War have defaulted. A total of about \$155,000,000 as payment on

interest and principal of the \$10,000,000,000 war debt is not forthcoming when due twice a year. The default of most of the European powers has caused much bitterness in this country and was responsible for a law which forbade Americans to make loans to any nation which had not kept up payment on its war debts.

Word now comes that France is considering a negotiation on her war debt with the United States. Premier Blum has appointed M. Georges Bonnet, an expert on financial matters, as a special emissary to the United States, supposedly to try to negotiate an agreement. France is said to be trying to convince the British to make a similar gesture on the question of war debts. The purpose of this revival of an old problem is reported to create a stronger feeling of good will between the defaulting nations and the United States in the growing European crisis and to make possible future loans in case of another war.

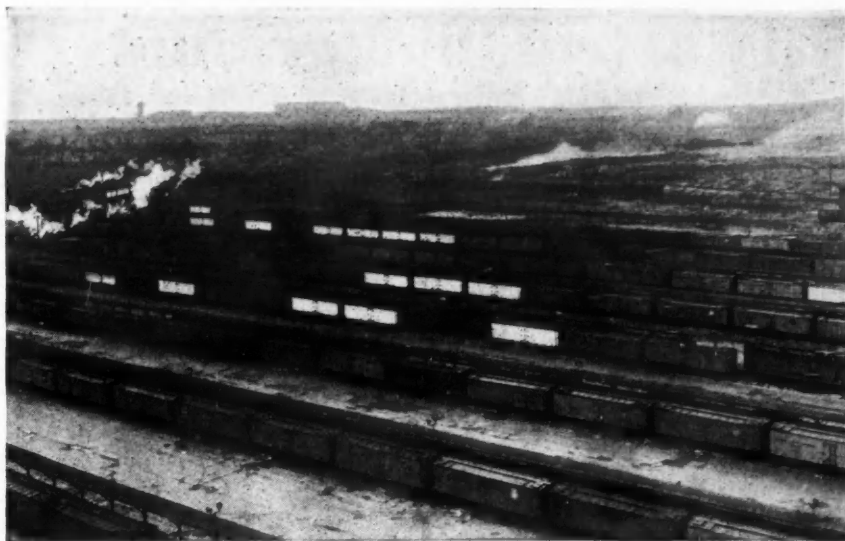
Arthur Brisbane

The death of Arthur Brisbane in New York City on Christmas morning removes one of the most prominent figures American journalism has ever known. At the age of 72, Mr. Brisbane had achieved a position in the newspaper world which made his name well known the country over. Since 1897, he had been with the Hearst organization and his daily column was syndicated in all Hearst papers throughout the nation. His short and pithy sentences marked a sharp contrast to the ordinary style of journalism, but it was this style which made him popular with the great masses of the public. Frequently his sentences consisted of only a few words, but these few words conveyed his ideas more effectively than any other form of expression.

Mr. Brisbane was one of the few persons who made a fortune as a journalist. At the time of his death, he was under contract to Mr. Hearst for \$260,000 a year. In addition to his salary, he made large sums of money from real estate in New York and elsewhere. His ability to turn out large quantities of work in a short time was a marvel to all who knew him. He is said to have dictated as many as 39 editorials in three hours' time. His range of knowledge was vast, and his daily columns contained observations on almost every conceivable subject.

All in Fun

Twice a year, the Gridiron Club, a body of prominent newspapermen, gives a dinner in Washington. Leaders of all parties are invited and subjected to good-natured jesting and raillery. This year, four of the recent presidential candidates, President Roosevelt, Democrat, Governor Landon, Republican, Norman Thomas, Socialist, and Earl Browder, Communist, sat down together and enjoyed an evening of good fellowship, an illustration of American sportsmanship. "Gridiron dinners traditionally typify the spirit of American political life, which is to fight hard, accept the result with good sportsmanship, not to take it all too seriously, and to manage, in spite of differences of opinion, to work together in a great self-governing experiment,"



STRIKERS TIE UP FOOD SUPPLY IN PHILADELPHIA

Above are part of the 320 freight trains loaded with foodstuffs which were left, loaded and idle, in Philadelphia railroad yards when truck drivers working for produce merchants went on strike recently. Food valued at \$2,000,000 was left unhandled.

says Raymond Clapper in the Washington Daily News. "That such dinners can be held, with such eminent public men present as guests, tells a great deal about the political nature of the American people. For contrast you have only to look at the way political differences have worked themselves out in Spain.

Arthur Krock, head of the Washington bureau of the New York Times, who during the recent campaign supported President Roosevelt, remarks, as do many others present at the dinner, on the favorable impression made by Governor Landon. "Here," says Mr. Krock, "was a cultivated, well-groomed, socially experienced American gentleman of the best type." All of this was no surprise to those who know the governor or even had met him before. But some of it was a pleasing reve-



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BRONSON CUTTING

lation to those who knew Mr. Landon only through the medium of newspaper, newsreel, radio, or campaign pamphlet.

A Cutting Memorial

Plans have been made for a unique national memorial to a former member of the United States Senate. The memorial is in honor of Bronson Cutting, senator from New Mexico, and one of the nation's outstanding liberal leaders, who was killed in an airplane accident last year. A group of his friends have decided to establish in his memory a series of lectures in Washington on political and economic subjects of immediate concern to the people of the country. It is hoped that these lectures may serve as a forum for the expression and discussion of liberal and progressive ideas and thus tend to continue in living form the ideals and work of Senator Cutting.

Mrs. W. Bayard Cutting, his mother, has agreed to finance these lectures for the next three years. From three to five lectures by distinguished leaders of progressive thought in this country and abroad will be given each winter and spring. This program of lectures is sponsored by a distinguished committee of prominent liberals, among whom are Charles A. Beard, Felix Frankfurter, Senator Robert M. La Follette, Mayor Fiorello H. LaGuardia, and Senator George Norris.

The underlying purpose of the lectures was stated in the reply of Senator Cutting's mother when the plan was first submitted to her. "If the plan succeeds," she wrote, "it will certainly be most useful and constructive, and incidentally an appropriate memorial to my son."

THOUGHTS AND SMILES

Englishman: "We have some very large birds in England. Why, once while I was standing in a zoological garden I saw a man come in on an eagle."

Yankee: "Brother, that's nothing. Once while I was watching a ball game I saw a player go out on a fly."
—California Paper

"What does the average Londoner stand for?" asks a writer. Simply because all the seats are occupied.
—PUNCH

Someone has said that Americans have more time-saving devices and less time than anyone else in the world.

I am incurably convinced that the object of opening the mind, as of opening the mouth, is to shut it again on something solid.
—G. K. Chesterton.

"Is this a drug store?"
"Listen, does it look like a drug store?"
"No."
"Then it must be one."
—CHRISTIAN SCIENCE MONITOR

"If my boy wants to become a racing motorist I shall not stand in his way," states a writer. And so say all of us.
—PUNCH

An aviator has crossed the Atlantic in a dinner jacket, probably the first time this has been accomplished by anything but a moth.
—Saginaw News

We attended a prize fight with a football referee the other night, and he had a miserable time of it. He couldn't break himself of the habit of looking away when blows were being exchanged.
—SATURDAY EVENING POST

The President has swept everything before him in the South American visit. Has our sister continent no Vermonts?
—Portland OREGONIAN

Most of the accidents in the home happen in the kitchen, according to a statistician. And what's more and worse, husbands have to eat them and like them.
—Washington Post

How the world is managed and why it was created I cannot tell; but it is no feather bed for the repose of sluggards.
—A. E. Housman, English poet.

Quite a few European countries have such complete confidence in their fortifications they are beginning to send delegates to all the peace conferences.
—JUDGE

This is a reckless age. People have no idea what may happen and hope it does.
—Washington Post

"A person who has never found himself in trouble is not a sophisticated person," says a psychologist. In other words, you can't be hard-boiled without getting into hot water.
—THE HUMORIST, London

Complaint has been made that the country is being electrified too slowly. Here's an opportunity for the Chancellor of the Exchequer to announce suddenly that he is taking sixpence off the Income Tax.
—THE HUMORIST, London



Many murals executed by American artists which are to be placed in public buildings all over the country by the Government.

Historical Backgrounds

By David S. Muzzey and Paul D. Miller

The Panic of 1837 and the 1929 Crash

THERE is a strong temptation, in studying the Panic of 1837, which broke in the early days of the Van Buren administration, to draw a comparison between that depression and the one through which we have been passing since 1929. The points of similarity are, in fact, numerous. Both crashes may be said to have been caused by overspeculation, which came during periods of boom and prosperity. Both were among the major depressions of our history, that of 1837 lasting for a period of seven years. But it would be a mistake to draw too close an analogy between the two experiences in economic collapse, for a number of the similarities are superficial rather than fundamental. Before we undertake to determine these differences, however, it would be well to cast our glance back a hundred years and see what happened to the nation at that time.



DAVID S. MUZZEY

In our last discussion, we called attention to certain of the conditions of instability which were even then threatening disaster. Jackson, in his war on the Bank of the United States, had made possible the rise of hundreds of banks which were established on an extremely flimsy foundation. When he took office, there were 329 banks in the country, and when he finished his second term the number had increased to 788. The currency issued by these banks had increased during the period from \$48,000,000 to \$149,000,000.

Unsound Prosperity

There can be no doubt that the unsound banking structure of the nation was instrumental in bringing on the Panic of 1837. Most of the banks were of the wildcat variety and were willing to lend money where, under sound practices, loans would not have been forthcoming. Those were the days when the great government land preserves of the West were opened and a veritable orgy of speculation in land began. Farmers spent more time buying and selling land, speculating in a price rise, than in tilling the soil. Promotion schemes of one kind or another were launched. James Truslow Adams gives us a graphic description of the times in his "Epic of America":

... an era began in which the individual states . . . plunged into the most fantastic extravagances to build roads, canals, and railways. With all this came the demand for currency and credit, and newly chartered banks were scattered over the country like confetti. The more feverish "prosperity" became, the madder the uprush of prices and demand for credit. . . . The price of land, as well as of other commodities, shot up as a whale spouts. Western lands on which in 1830 a lender might have hesitated to lend a thousand dollars seemed, by their prices, to warrant double that by 1837. But it was not only the West that lost its head. Just as, in 1928, financial advisers were cautioning the gullible public that if it did not buy stocks immediately at any price, it might never have a chance to buy American "equities" again, so all sorts of rumors were put about in 1834 and 1835. It was said, for example, that the timber of Maine was nearing exhaustion, and timber lands jumped in some cases from five dollars up to fifty an acre. Building lots at Bangor soared from three hundred dollars to a thousand. In the South, prices doubled and trebled. Between 1830 and 1835, the assessed value of real estate in New York City jumped from \$250,000,000 to \$403,000,000. The sales of government land to settlers and speculators rose from less than \$5,000,000 in 1834 to over \$25,000,000 in 1836, most of the huge sum being borrowed from banks on absurd valuations and hopes.

This picture of the thirties of the last century seems strikingly familiar to those who have lived through the hectic twenties of our own century. And like the depression of 1929, that of 1837 was world wide in character. Late in 1836, three of the larger banks of England failed, and the resultant

depression in that country had immediate repercussions in the United States. The price of cotton catapulted; the South could not buy the industrial products of the East, and finally the vicious circle which accompanies every depression was well under way. By the summer of 1837, the whole country was in the throes of what was perhaps its worst depression up to that time. "All the western and southern and some of the northeastern states," says Mr. Adams, "had involved themselves in huge bond issues for improvements with no regard to their economic value, and the crash included public as well as private credit. Values melted. In North Carolina farms could be sold for only two per cent of their supposed worth. . . . It was said that in Alabama practically the entire property in the state changed, and that 50 per cent of all in the United States did so."

Despite the economic stress following the Panic of 1837, the government in Washington did practically nothing to cushion the shock. There was no public works program, no relief to the unemployed, no "emergency" agencies to help those who had been hit by the hurricane. The attitude of the Van Buren administration seemed to be one of letting nature take its course. And after several years, nature did take its course and the country started upward once more.

Essential Differences

And there were several factors which made the depression of the thirties of the last century essentially different from that of our own day. While unemployment was relatively as prevalent at that time as now, the country was not so highly industrialized. Those who lost their jobs in the cities could move in with their relatives who lived on farms and thus have food and shelter, even if they had no money. One of the interesting features of the early depression was the heavy migration westward. People moved from the industrial areas to seek new opportunities in the undeveloped West. On the outlying posts, the inhabitants moved further westward during those years. It was in depressions such as that of the 1830's that the West served as an outlet and safety valve when economic pressure in the East became too acute.

In the present crisis, there has been no such outlet. The West, as a region of opportunity and new settlement, vanished near the turn of the century. The nation has become more and more industrial in character, so that the millions of people who lost their jobs in the cities had no means of support. The results are well known in the pictures of endless breadlines. The pressure brought to bear upon the government became so strong during the closing days of 1932 that concrete steps to keep the destitute from actual starvation had to be taken.

The present depression differs from all others in the past in that it marks the first time in history that all the power of government has been thrown into the balance to reverse the natural economic trend. Even before the Roosevelt administration, with its dozens of alphabetical agencies, the federal government had stepped into the breach to prevent complete collapse. Government credit was used to underpin the credit structure of the nation and provision was made for financial aid to care for the destitute. Whether these concrete measures actually halted the downward trend, or whether nature had run its course, is a matter upon which economists will be in radical disagreement for many years to come.



FROM A PHOTOGRAPH BY DANE COOLIDGE IN "DEATH VALLEY PROSPECTORS"

Among the New Books

Spain, Before the War

"The Spanish Tragedy: 1930-1936," by E. Allison Peers (New York: Oxford University Press. \$2.50).

THE greater part of this volume by Professor Peers, who has lived in Spain for some years, was completed before the outbreak of the Civil War. It is thus largely free from the bias which in recent months has so frequently been offered as fact to explain the course of events in Spain. The author begins his account with the fall of Dictator Primo de Rivera in 1930, traces it through the successive changes of government, and brings it up to the outbreak of the war last August. He takes exception to the current fashion of tagging the opposing forces with the labels, communist and fascist, noting that the issues involved transcend political concepts; but unfortunately, except in the briefest suggestions, he does not trace these issues to their roots. This shortcoming, of which Mr. Peers is well aware, is exceedingly regrettable, for to the strictly limited narration of political events in Spain during the last six years he brings a sympathetic detachment that would have made a more comprehensive work most valuable at this time.

Death Valley Days

"Death Valley Prospectors," by Dane Coolidge. With Photographs by the Author (New York: E. P. Dutton & Co. \$2.50).

OUT of years of research into the chronicles of the West, Dane Coolidge has sketched a gallery of racy portraits, interesting both in themselves and in the authentic glimpse of frontier life that they afford. The majority of those who, in the 1850's, left their homes to migrate to Death Valley were distinguished from their fellow beings by little other than callous courage to gamble between the chance of striking gold and being left to die of thirst in the desert. But among them were some characters of a picaresque, if outlawed, vintage; and it is with them that the author dwells at length, and with those who came after them, attracted to the valley by tales of hidden riches.

There is Shorty Harris who sought the

precious metal because, as he himself said, he was too heavy for light work and too light for heavy work. Having come into some money, he hastened to Los Angeles to have his front teeth gold-plated. It was a fine job of blacksmithing, Mr. Coolidge adds, and Shorty took proper pride in his golden smile. There is Mike Lane, a man of few words, who when asked about the temperature at Death Valley, said it was so hot the lizards spit on their toes to keep them cool. Then, there is the excellent portrait of Walter Scott, better known as "Death Valley Scotty," who, though still alive, has become a luxuriant legend in the West. A cowboy, with the pretensions of a knight-errant, he admits that he can't spell. But, he hastens to add, he can think.

Girl Reporter

"Peggy Covers the News," by Emma Bugbee. With a Foreword by Helen Rogers Reid (New York: Dodd, Mead & Company. \$2).

MISS BUGBEE, who is on the staff of the New York *Herald-Tribune*, has here written a lively story of a young college girl who seeks a career in journalism. Peggy obtains her start as reporter for college events on the New York *Star*. New to the work and of course naïve, she has to take a good many knocks from the more experienced newspapermen and to endure endless disappointments. But far from being discouraged, each incident teaches her something new about the workings of a newspaper. Students interested in journalism will find this volume amazingly worth while as an introduction into the newspaper world.

The Federal Government

"Your America—Its Constitution and Its Laws," by Benjamin Waite Blanchard. Illustrated (Philadelphia: J. B. Lippincott Co. \$2).

WITH Congress now preparing to convene, interest will quite naturally turn once again to the legislative machinery of our country. During the past four years there has been considerable discussion of the powers that should be granted to the various branches of our government. And it is likely that that discussion will be revived. Students frequently find themselves bewildered by the conflicting arguments advanced by one side or the other. It is to them that this volume will prove most valuable. It is an unpretentious, but withal intelligent, presentation of the nature of the federal government. Included are important historical documents.



A BANK PANIC BEFORE THE CIVIL WAR

—Culver Service

Seventy-Fifth Congress Convenes This Week

(Concluded from page 1)



THE NATION'S ATTENTION TURNS TO CONGRESS

(From a drawing in "How Congress Makes Laws," by Clarence C. Dill. Ransdell, Inc., Washington, D. C. Reproduced by courtesy of the author.)

few of them will run the risk of committing political suicide by opposing the President's wishes. Moreover, many of those who are classed as Republicans are sympathetic to the general objectives of the Roosevelt program and will certainly support whatever legislation is recommended by the White House. Unless there are unforeseen developments, therefore, the President will have clear sailing in putting through whatever legislation he wishes.

Legislation Which Expires

But now we come to the big question. What program will the President seek to have Congress enact during its present session? Since the election, there have been many guesses as to what course he would follow during his second term. Some have predicted that he would continue with the New Deal until a large number of additional reforms have been undertaken. Others have assured us that the second administration will be confined largely to consolidation of the gains made during the last four years; that is, to sound administration of existing laws and to ironing out the rough spots of certain New Deal legislation. But all these assertions are nothing more than guesses. Mr. Roosevelt himself has given little indication of the direction he will follow during his second term. Definite indication of what the President has in mind must await the delivery of his annual message to Congress in which he will at least outline some of the major objectives of his second term.

Despite this lack of concrete information on what may be expected of the present session of Congress in the way of new legislation, certain matters of importance must naturally come up for consideration. It may be said, for example, that one of the primary tasks will be to decide which of the emergency agencies of the government, brought into being during the last four years, are to remain permanent parts of the federal machinery, which ones have completed their main functions and should be scrapped, and which new ones, if any, should be brought into being to administer new laws. In other words, since the emergency stage of the depression has passed, the immediate problem is to decide what activities the federal government should engage in more or less permanently in order to deal with economic and social problems.

The need to come to a decision on this matter during the present session results from the fact that a good many of the agencies which were created during the first Roosevelt administration were to exist only for the duration of the emergency and will expire before the end of June. More than a dozen of the New Deal agencies—such as the Public Works Administration, the Federal Housing Administration, the Home Owners' Loan Corporation, and many others—cannot legally continue beyond next June unless Congress passes new legislation extending their lives. Congress must decide, therefore, which of these are to go on, which ones are to be dropped, which ones are to have their activities redefined in one way or another. A considerable part of the time of Congress must be devoted to this problem.

The time element will also force Congress to act on a number of other important measures. Two matters dealing with our relations with foreign nations will demand special attention. Both the neutrality legislation and the authority to negotiate reciprocal tariff agreements with foreign countries will have lapsed before the end of June. Both of them are of the utmost importance and are essential features of the Roosevelt administration's foreign policy. The danger of war is greater today than it has been at any time since 1914, and the necessity of taking active steps to keep the United States out of whatever war or wars may develop has become a matter of primary concern to all. Congress may be asked to renew the present neutrality law, which expires May 1, or it may be requested to alter certain of its provisions in order to make it more air-tight and effective than it is at present.

It is certain that Congress will be requested to extend the authority it granted to the President in 1934 to negotiate trade agreements with foreign nations. The three-year period will have elapsed before the present session of Congress ends, and while considerable progress has been made in breaking down tariff barriers, the program has as yet made only a beginning.

The present session will certainly have to deal with the twin problems of the depression—relief and budget balancing. How soon the President intends to bring the government's income and expenditures into balance will not be known until he submits

his budget message to Congress, a few days after the session opens. At least half a billion dollars will be required to continue the relief program until the end of June. This additional sum has been made necessary by the large drain on relief funds caused by the unexpected drought of last summer. How much will be needed for relief after June is not known, although it is certain that the federal government will have to continue its activities on a fairly large scale. As recovery moves forward and more of the unemployed are absorbed by private industry, the relief bill may be reduced. But strong opposition to cuts in relief appropriations is certain to develop.

It is hardly likely that additional taxes will be proposed during the coming session. Income from the present taxes will increase as the level of recovery mounts. During the year ending next June 30, the federal government will have collected more in revenue than during any single year, with the exception of 1920. It is this rising income from various sources, plus the prospect that expenditures will decline in proportion to recovery, that has led many conservative students of budgetary problems to predict that the federal finances may be brought into balance during the year 1938. If the budget is to be balanced by that time, however, it will result more from increased revenues than from decreased expenditures, for few persons believe that the government can greatly curtail its expenses during the next year or so, if for no other reason than that the need for relief will continue to be great.

President's Objectives

The items which we have listed are mostly in the field of the known or the definite. Action of some sort will have to be taken on all or most of them. The Seventy-fifth Congress cannot ignore them. When we look at other items which may come before the new Congress, we are dealing with unknown quantities, for we do not know the President's position. Will the government seek to regulate industry in such a way as to give greater purchasing power to the masses and thus promote greater economic stability? Will it seek to devise a permanent program of agricultural relief? Will steps be taken to prevent another boom like that of 1928 and 1929? Will it adopt a vast program

of housing for workers of low incomes?

The only clue we have as to the President's position on these problems is to be found in his outline of general objectives. While he has not said how, specifically, he hopes to realize these various objectives, he has told us what he hopes to accomplish during his second administration. In his final address in the campaign, he said that "we have just begun to fight" for the following objectives:

Shorter hours and higher wages for workers; abolition of child labor and of sweatshops; promotion of collective bargaining.

Abolition of monopoly, unfair competition, and dishonorable trade practices.

Cheaper electricity; better and cheaper transportation; low interest rates; sounder home financing; better banking; regulation of security issues; reciprocal trade agreements; and the wiping out of slums.

Control of crop surpluses; better land use; reforestation; water conservation; drought and flood control; better marketing facilities for farmers; encouragement of farmer co-operatives; and crop insurance.

Measures designed to carry out one or more of these objectives have already been proposed. Considerable attention is being given, for example, to a federal incorporation bill which would require all corporations doing business in more than one state to obtain a charter from the federal government. At present, corporation charters are obtained from the states and the laws governing them vary from state to state. If a federal law were passed, the government in Washington could stipulate the conditions under which corporations doing an interstate business might operate. In other words, it could regulate hours of work, wages, and other conditions.

There is, of course, the possibility that some of Mr. Roosevelt's objectives could not be realized without an amendment to the Constitution. It is not at all certain, for instance, that the federal incorporation law would be constitutional. In case the federal government cannot accomplish the more important of these aims, only two courses will remain open. An amendment to the Constitution, giving Congress greater power over industry and agriculture than it now enjoys, may be proposed, or those features of the program which run counter to the Constitution may be abandoned. But, as we have said, all this lies in the field of the unknown and must await more specific comment from the President.

THE YEAR 1936 PASSES IN REVIEW



CAMPAIGN INCIDENT

The Democratic and Republican candidates for the presidency put aside campaign politics for a few hours as they met to discuss drought conditions. Afterward, the battle was on in full fury, as America held her most dramatic election in years.

© Wide World



CIVIL WAR

The still raging conflict between rebels and loyalists in Spain brought Europe uncomfortably close to war during the latter months of the year. There is a prospect for settlement as the new year begins.

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PLACE IN SUN—RISING SUN

Renaissant Germany and ambitious Japan startled an already uneasy world when their immediate destinies were linked in an accord directed against communism. Here is the scene in Berlin as the agreement was signed.

© Acme



FLOOD!

Spring's melting snows and torrential rains devastated a large portion of eastern United States as raging rivers overran their banks for miles around.

© Acme



DEATH OF A TREATY

Beneath the ancient Gothic buttresses of Cologne cathedral, German transport detachments rumble through the streets of Cologne, as Germany sounded the death knell of the Treaty of Versailles with the reoccupation of the Rhineland.

© Acme



LATE KING—FORMER KING

The solemn scene as ex-King Edward VIII sprinkled earth on his father's coffin on the day of George V's burial. Today, another George sits on the British throne.

© Acme



COURT SUPREME

The decisions of the United States Supreme Court, particularly in the cases of the AAA and the Guffey coal bill, brought forward the issue of Constitution changes.

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HONORED IN HIS OWN LAND, ACCLAIMED ABROAD

President Roosevelt, doffing his hat to some of the 500,000 admirers who acclaimed him on his arrival in Buenos Aires to open the Inter-American Conference for the Maintenance of Peace.

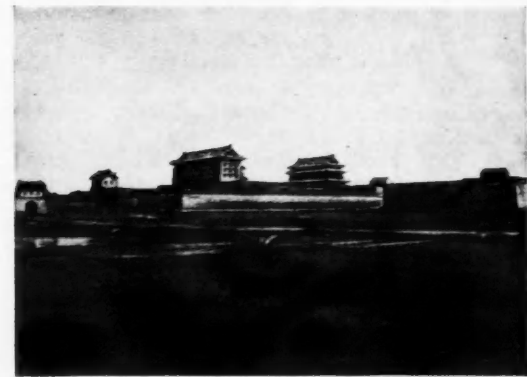
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EMPEROR IN EXILE

The tide of Italian empire swept Haile Selassie from the land of his forefathers and led him to seek refuge in England. Here is the King of Kings arriving at Southampton.

© Acme



PRISON OF A DICTATOR

The north gate of Sianfu, capital of the province of Shensi, where Chiang Kai-shek was made the captive of one of his subordinates, an incident which gravely disturbed China.

© Acme



CONGRESS MEETS

President Roosevelt's fighting message to Congress in January was one of the high lights in a session crowded with important events and major legislative enactments.

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DROUGHT!

The year 1936 produced pranks, grim extremes. Disastrous floods of early spring turned to scorching drought in summer. This farmer, symbolic of thousands, views his scorched acres.

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